WHOLE EARTH Review
(415)
27 Gate Five Road Sausalito, CA 94965 332-1716

February 24, 1987

Peter DeGiglio (212)751-2600
Random House
201 East 50th St.
New York, NY 10022

Dear Peter,

Enclosed is a copy of the last report we received from Random House regarding sales of the Next Whole Earth Catalog. What we're trying to find out is what the current status is of the Catalog: Is there any inventory left at Random House? Is the financial accounting settled and closed?

If you can possibly let me know the answers to those questions (and any others that pertain to us), I would appreciate it. As we agreed on the phone, it would be nice to have the account closed out properly, for the benefit of Random House and Point.

Thank you for your help.

rcvd report

Sincerely,

Cindy Fugett

Cindy Craig Fugett
Business Manager

enclosure

CCF:s

Oct 19 1988

Kevin,

Joyce Boyd, our accountant, is finishing up our financial statements and tax returns for 1987. There's one item that needs to be decided involving the Random House Liability of $48,000.

She's suggesting we get the liability off the books by treating the money as Royalty Revenue, much like we treat Advances against royalties for our other book projects. Since we don't honestly believe we'll ever pay the money back (and I recall Paul Hawken saying he felt the debt was unconscionable anyway), it doesn't make sense to leave it on our books.

I agree with and recommend doing what Joyce is suggesting. We'll still have files that will show the debt if it ever came up again, but it really shouldn't be considered a legitimate debt if we never expect to pay it.

I told Joyce you'd call her to tell her whether or not you agree with her recommendation. Her number is 540-5623 and she's in Mon-Wed-Fri.

Cindy

Addendum: there are no tax implications of this decision since it's part of our normal non-profit revenue.

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3/5/87

Phone conversation w/Paul Hawken
Re: NWEC liability of $48,000 (in response to March 3rd letter to Paul)

The liability Point had to Random House pre-existed Paul, and was more than $70,000. Random House (RH) demanded the money back and started charging interest and carrying charges, etc. all very sizeable and fallacious. Paul told RH that it was unfair and profiteering.

RH agreed to a compromised amount but Paul said that although technically they had the right to charge us according to the contract, they were morally wrong. RH made money on the book and Point didn't. The debt was apparently the result of higher returns of NEWC 1st edition than anticipated because of the publication of a 2nd edition.

Paul said we should challenge any effort on RH's part to collect the money, but that we need to keep it on our books unless we get something in writing from RH saying they've written off the debt.

RH hasn't sent any kind of dunning notices in almost three years, and the quarterly financial statements that they sent to us during 1986 were all returned to them because the address was our PO Box 428 address and didn't include our company name. Despite getting the reports back, RH apparently didn't make any effort to find out our correct address. The indication is that they don't consider the money to be a true (or at least active) liability.

My plan is to just leave it on our books and not do anything more about it. My assumption is that RH will not follow up on collecting the money.

Cindy Fugett

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March 3, 1987

Paul Hawken
Smith & Hawken
25 Corte Madera
Mill Valley, CA 94941

Dear Paul:

I am trying to straighten out some of the financial records for Point. I understand you are no longer on the Board, but there is one particular issue you may be able to help me with.

We have been carrying a $48,000 liability on the books which is an amount due Random House for the Next Whole Earth Catalog. Three years ago the liability was about $72,000 and Jack McKeown from Random House wrote a letter to you about paying the amount off. I've enclosed a copy of that letter.

Do you know what was finally decided? I would like to remove the liability if it no longer exists, or else find out if we do, in fact, owe Random House $48,000. I've enclosed a copy of the most recent, final report from Random House.

If you have any information about this, please call or write.

Thanks,

Cindy

Cindy Fugett

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